GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4166
ANSWERED ON:23.03.2001
CHEATING BY NON BANKING FINANCE COMPANY
PADAMSEN CHAUDHARY

Will the Minister of FINANCE be pleased to state:

(a) whether the Government have received any complaints regarding the swindling of investors money by a non-banking finance company particularly Kuber Group companies;

(b) if so, whether any action is being taken by the Government against the said company;

(c) if so, the details thereof; and

(d) The efforts being made to facilitate the recovery of investors money from the company ?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a):- Yes, Sir.

(b), (c) &(d):- Reserve Bank of India (RBI) has reported that the Kuber Group of Companies consists of three major Non-Banking Finance Companies (NBFCs). The details of action taken against these companies are as under:-

1. Kuber Auto General Finance and Leasing Ltd.- The Reserve Bank has filed a criminal complaint against the company in the Court of Metropolitan Magistrate, Patiala House, New Delhi. The Reserve Bank has also filed winding up petition against the company in Delhi High Court and the next date of hearing has been fixed for July 25, 2001.

2. Kuber Finance (India) Ltd.- The Bank has rejected the application of the company for Certificate of Registration on April 19, 1999, based upon the inspection findings. The company is already under Prohibitory Orders.

3. Kuber Mutual Benefit Ltd.- Kuber Mutual Benefit was a notified `Nidhi` company under the control of the Department of Company Affairs (DCA), Government of India. DCA denotified the company on March 26, 1999. As a follow up measure, RBI took various steps like issuing of Prohibitory Order to the company on April 5, 1999, filing of criminal complaint on June 18, 1999 and filing of winding up petition against the company on October 25, 1999 in the Allahabad High Court. The Hon`ble High Court has restrained the company from disposing of its assets. The case is sub-judice.
The RBI, as a regulator of NBFCs, has taken various steps against the group companies. However, the repayment to the depositors and creditors of Kuber Mutual Benefit Ltd. and Kuber Auto General Finance Ltd. will depend upon the outcome of winding up petitions.